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He is impressed by the power of the American railway combinations, and by the ease with which American business interests bend the national legislature to their own purposes. He sees great danger to British shipping in the prospect of subsidies in the United States, and is apprehensive lest the center of financial influence may be shifted from New York to London. Aside from its predictions of commercial disaster, however, the volume contains a large amount of interesting material, not entirely new, but conveniently assembled. This is particularly true of the description of the contest of the American Tobacco Co., the United Shoe Machinery Co., and the Diamond Match Co., and of the introduction of American electrical machinery and appliances. The story of the tobacco war is particularly well told and furnishes a number of interesting illustrations of methods by which competition can be destroyed. Mr. McKenzie attributes the success of the Diamond Match and United Shoe Machinery companies quite as much to the sluggishness and lack of enterprise of English manufacturers as to the superior endowments of their antagonists. He is also deeply impressed with the success of American advertising methods and with the care with which American manufacturers follow the tastes of the foreign customers and the speed with which orders are executed. American consular reports do not bear him out in these conclusions. The superiority of American railway practice comes in for a large share of the author's attention. An interesting feature of the discussion, whose relevancy, however, is not entirely apparent, is a brief history of the International Mercantile Marine Co. A large part of the book is made up of quotations from trade papers, letters, and reports. The absence of any searching analysis of causes, and the almost exclusive reliance for material upon the commercial news of the day, render it unlikely that *The American Invaders* will survive the temporary conditions which have occasioned its publication. At the same time, it contains a large number of interesting facts which have been carefully verified and will have some value as a book of temporary reference.

E. S. MEADE.

THE UNIVERSITY OF PENNSYLVANIA.

American Industrial Problems. By W. R. LAWSON. New York : McClure, Phillips & Co., 1902. 8vo, pp. 394.

AMONG the many attempts which foreigners have made to describe the industrial and financial situation of the United States this book is

worthy of a high place. The author has accurately comprehended the significance of the great industrial expansion of the United States during the past five years, and sees much more clearly than many of his contemporaries its bearing upon the European commercial situation. The most valuable portion of the book is contained in chaps. 10-18, in which the financial aspects of the American situation are discussed. Here the writer is evidently on familiar grounds, and we may remark in passing that the explanation of his familiarity with American financial methods is possibly to be found in the fact that many of the financial exploits of the United States in recent years could be duplicated on perhaps a smaller scale from the recent financial history of Great Britain. Mr. Lawson explains the function of the promoter, showing how his profits come from buying a railroad or a number of factories at a low price, combining them with other railroads or other factories, recapitalizing them, and selling the certificates of the new capitalization to the public at a large advance on the original purchase price. He further shows the intimate dependence of the promoter on the underwriter, who advances the funds necessary in the preliminary stages of the flotation. Underwriting is made possible by the co-operation of bankers who engage in these semi-speculative operations to an extent unknown among the more conservative bankers of the Old World. In illustration of these statements, the author presents a readable outline of the achievements of Mr. Jay Gould, whom he places in a more favorable light than many of his American critics, the Northern Pacific corner, the heavy stock purchases of the Pennsylvania Railroad, the formation of the Rock Island Co., the purchase of the Burlington by the Great Northern and the Northern Pacific, the formation of the Northern Securities Co., and the Louisville & Nashville deal. He explains the use of the collateral trust bond in carrying forward these enormous operations, by which the credit of one road is used for the purchase of another and the standing of securities is placed upon a higher level under cover of a holding company than would otherwise be possible. All these deals and combinations have been carried through in furtherance of plans which aimed eventually at the stock market. His discussion of American speculation is unusually good. He believes that the entire community in the United States is infected with the gambling spirit, which finds abundant outlet on the stock exchanges. The American people, he says, are ready to follow the leaders of speculation to the most extraordinary length, if the offer is made to them at the psychological moment to buy vast

quantities of securities on the mere representation of some prominent banker or financier that these are worth purchasing. Taking advantage of this speculative temper, the leaders of finance are constantly engaged in formulating new propositions for sale to the public. In this attempt, as above mentioned, they are heartily assisted by the banks, the most prominent of which they control, and which place unlimited funds at their disposal for the prosecution of their enterprises. The author justly observes that the consolidation of railroad and industrial properties on the scale which has been followed in the United States in recent years, and which was made possible by the capitalization of these consolidations at the most extravagant figures, may prove a source of great danger to American prosperity. On this point he observes that syndicates of all kinds and in all markets are being financed by banks of various degrees of solidity.

They are, more than any other kind of speculation, at the mercy of future events. From day to day they are taking chances on what may happen in the next half-hour. So far nothing terrible has happened this year, but the air is full of alarms as to what 1903 may bring forth. Dear money, a falling-off in trade, and sundry other dark spots begin to show on the horizon. The speculating syndicates may well feel uneasy, and the banks that are wet-nursing them cannot feel very comfortable either. It will be no great misfortune if the syndicates should have to go, but if the reaction should not stop there, if it should drag down some of the banks, what then? . . . Should in the near future a severe strain be thrown on the United States banks, railroad finance will have its share of responsibility, and no small one either.

In the light of recent events in the stock market, Mr. Lawson's forecast stamps him as a careful observer, and it is impossible to refuse assent to his conclusion that before the United States shall become the financial center of the world, radical and drastic reforms in our financial methods must first be accomplished.

That portion of his discussion in which the author deals with the industrial and commercial problems of the United States is less satisfactory, perhaps because the field is too vast to be covered within the limits which he has set for himself. His analysis of American foreign trade is acute, and from it he arrives at the conclusion that Europe is in no serious danger from the American exporter. He finds that American exports of raw materials still make up the greater portion of her outbound trade, and that, while in the aggregate the exports of manufactured products have shown a remarkable increase, their amount in no single line is so large as to cause any serious apprehension to

foreign producers. The explanation for the large measure of industrial supremacy, which he admits the United States now possesses he finds in the personnel of American industry, in the large use of labor-saving machinery by unskilled workmen, in the rigid inspection and severe discipline to which the American workman uncomplainingly submits himself, in the absence of any serious opposition to the maximum output, and in the direction of industry by the most competent organizers in the world. While American agriculture is prosperous, a condition largely due to the extensive use of labor-saving machinery, he does not believe that this prosperity, so far at least as it is reflected in the exports of agricultural products, will be permanent. The rapid increase of population is making a constantly increasing demand upon the agricultural resources of the country, and the surplus available for export, in the author's opinion, is destined rapidly to diminish.

The book closes with a brief review of the leading American industries—farming, mining, manufacture, shipbuilding, shipping, and iron and steel. In these chapters there is nothing worthy of particular comment, save the doubt expressed in the discussion of the iron and steel industry whether the leading iron and steel producers, in spite of their admitted control of the raw material, will be able to sustain prices if the demand should decline. The errors of statement are neither numerous nor important, and do not appreciably detract from the merits of the book. Mr. Lawson has done a most creditable piece of work and has produced a volume which can be read with much more profit in the United States than by the public to which it is primarily addressed.

E. S. M.

Report on Changes in Rates of Wages and Hours of Labor in the United Kingdom in 1902, with Comparative Statistics for 1893-1901. London: Board of Trade (Labor Department), 1903. Pp. lxxxiv + 54.

THE rates of wages in the United Kingdom during the year 1900 had increased to such extent that the year's wage bill due to such changes has been roughly estimated at £6,000,000. The balance sheet for the following year, 1901, however, showed a decrease in wages, amounting to £1,600,000, and this was still further augmented by a falling off during 1902 to the extent of nearly £2,300,000.

Exhaustive tables contained in the report show the industries and number of wage-earners affected by changes in their rates of wages;